

Revitalization through Rehabilitation



ABOUT THE
HISTORIC TAX CREDIT
PROGRAM



- Virginia's program established by General Assembly in 1996.
- Modeled on Federal Historic Rehabilitation Tax Credit Program, created in 1977.
- Established to spur economic development and revitalization.



The Prizery – South Boston

Miller & Rhoads - Richmond

What are Tax Credits?

- Dollar-for-dollar reduction in income tax liability.
- Available for rehab of certified historic structures.
- Based on percentage of qualified rehabilitation expenditures.
- May be “syndicated,” i.e. transferred to taxpayer in exchange for money.
 - Provides financial leverage for projects.
- Must meet required **spending thresholds** within measuring period.



Taylor Hotel – Winchester

Comparison of Credits

- Federal Program:

- Income-producing buildings only
- 100% of adjusted basis
- 20% of eligible expenditures
- 5-year holding period
- 20-year carryforward, 1-year carryback



- State Program:

- Income-producing and owner-occupied buildings
- 50% building assessment for income-producing
- 25% of eligible expenditures
- No holding period
- 10-year carryforward, no carryback

Beacon Theater – Hopewell

3 Part Application



- Part 1 – Eligibility
- Part 2 – Description of Work
- Part 3 – Certification of Completed Work
- “*Amendments*” for when the work scope changes or unforeseen circumstances arise.

Eligible Expenditures



- Includes certain soft costs such as architectural and engineering fees, construction period taxes and interest, reasonable developer fees
- Does not include acquisition costs, expenditures attributable to enlargement or additions, landscaping or site work
- CPA verification of expenses

Secretary of Interior's *Standards for Rehabilitation*



**USING THE *STANDARDS*
TO GUIDE
HISTORIC TAX CREDIT PROJECTS**

The Standards – 4 General Tips

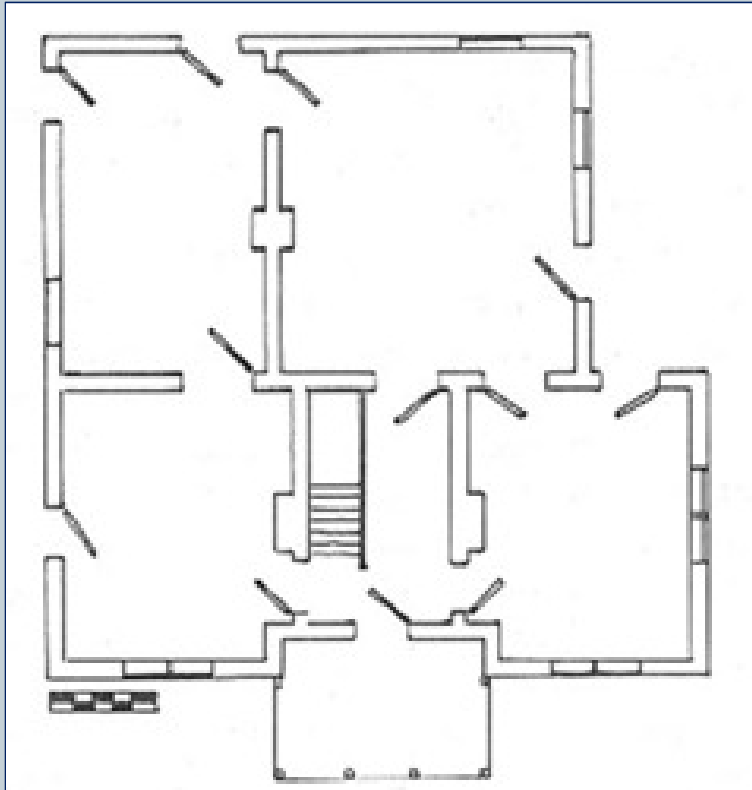
1. Retain and repair rather than replace.



Row House – Richmond, VA

The *Standards* – 4 General Tips

2. Identify the character-defining features early in the project planning.



The Standards – 4 General Tips

3. Retain historic character, even if the use of the building changes.



Anna Bolling Jr. High School – Petersburg, VA

The Standards – 4 General Tips

4. New additions or related new construction must be compatible with the historic building.



Properly-scaled addition at rear of property
that is not highly visible

For More Information



Federal Program

www.NPS.gov/TPS

State Program

www.dhr.virginia.gov/tax_credits/tax_credit.htm

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